side also there has been an increase of Rs. 2 lakhs over the budget estimate. The chief items that are mainly responsible for the increase in expenditure are Rs. 55,000 under "Palace," Rs. 45,000 in connection with His Excellency the Viceroy's visit, Rs. 79,000 under P. W. D., and Rs. 73,000 under "Interest Charges." The increased expenditure of Rs. 55,000 under "Palace" is not really an additional expenditure but only the result of our fulfilling the obligations that we had undertaken under the Palace Expenditure Scheme. According to this scheme, Government have undertaken to make a contribution of Rs. 7·5 lakhs a year to the Palace Fund and any saving under that fund is to be utilised for constituting a reserve for future increases in expenditure under "Palace." As a result of financial stringency, we have been contributing to the Palace Fund for some years only the actual amount of expenditure that was incurred. In view of the improvement in our general financial position it has been decided that from the year 1113 onwards the entire contribution of Rs. 7·5 lakhs should be made to the Palace Fund. It is noteworthy that the expenditure for "Palace" is less than 7 per cent of the total revenues of the State.

BUDGET ESTIMATE FOR 1115 M. E.

5. For the ensuing year, 1115 M. E., we have budgetted for a revenue of Rs. 107·95 lakhs and an expenditure of Rs. 102·87 lakhs, thus leaving a surplus of Rs. 5·08 lakhs. The expenditure includes the special grant of Rs. 1 lakh for rural development, and there is a corresponding credit of Rs. 1 lakh on the receipt side, being the appropriation from the Revenue Reserve Fund. If our expectations are fulfilled, we would be thus having substantial surpluses for three successive years. It can be safely assumed that unless something extraordinary happens our anticipation of receipts for the coming year should be more than fulfilled. If only the expenditure could be kept under strict control, there is every reason to hope that the anticipated surplus will be realised in practice.

6. A close scrutiny of the budget figures will disclose that, while the most rigid control is kept over every item of expenditure, liberal grants have been made for the nation-building departments. As I have observed already, a special grant of Rs. 1 lakh for rural development has been placed at the disposal of the Hon'ble Minister in addition to the usual allotment for the various departments under his control. Increased provision has been made in the P. W. D. budget for school and hospital buildings, and special provision has been made for certain important irrigation works in the Chittur taluk. In addition to the provision made in the P. W. D. budget for school and hospital buildings, a provision of Rs. 19·35 lakhs has been made under the Education budget and Rs. 5·25 lakhs under the Medical budget. The additions and improvements to the Civil Hospital

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at Trichur which were undertaken during the current year will be completed in the course of the coming year, and adequate provision has been made for these works in the budget estimate. When these extensions are completed there will be additional accommodation amounting to 64 beds. A Dental Section has been opened in the General Hospital, and a Radium Theatre has also been constructed. The radium treatment will be available very shortly. With a view to manufacture locally the tinctures required by the Medical Department, a scheme has recently been sanctioned for this manufacture in the laboratory attached to the Maharaja's College. The work will be started early in 1115. In accordance with the advice of the Public Health Commissioner with the Government of India, a scheme for mosquito control at Mattancheri and Ernakulam has recently been sanctioned and the additional staff has been entertained. The preparation of plans and estimates for up-to-date drainage schemes for these two towns will be taken up immediately. With a view to spread out the beneficent activities of the Public Health Department more directly into the hearts of the villages, it has been decided to abolish two of the Health Centres and utilise the savings in increasing the number of midwives in rural areas. Special encouragement was given to non-credit co-operative societies by the grant of loans on easy terms and free grants in certain special cases. A central cottage industries marketing society has been organised at Trichur with a view to facilitate marketing of cottage industrial products. The work in the Rural Development Centre is progressing satisfactorily, and a Rural Exhibition held at Cherpu stimulated great interest amidst the rural population. The first Rural Development Conference held at Ernakulam in connection with the last Birthday of His Highness the Maharaja was a great success, and it gave opportunities for all those engaged in rural development work to meet together and co-ordinate their efforts. All these works to which I have made reference are clear indications of the anxiety of Government to devote more and more attention to the working of the nation-building departments so that the maximum possible benefit could be secured for the rural population.

BURDEN OF TAXATION

7. A comparative study of the budget for 1115 with the budget of a decade back will show that during the last ten years there has been a remarkable increase in the expenditure on the nation-building departments without any serious extra burden being laid on the shoulders of the taxpayer. The total expenditure of the State in the year 1105 was Rs. 83·33 lakhs, and the budgetted expenditure for 1115 is Rs. 102·87 lakhs. There has thus been an increase in the total expenditure of the State to the extent of Rs. 19·54 lakhs. If you study the figures of expenditure on the nation-building

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